

RECEIVED

JAN 13 2005

UTILITY OPERATIONS
DIVISION

Suburban Water Company
1501 Vandiver Dr. #88
Columbia, MO. 65202
(573) 474-4242

January 7, 2005

Dear Customer:

On December 3, 2004, Suburban Water and Sewer Company (Company) submitted a request for permanent increases in its current water rates to the Missouri Public Service Commission (Commission), under the provisions of the Commission's small company rate increase procedure.

By its request, the Company is proposing to increase its monthly customer charge from \$2.42 per month to \$4.33 per month (approximately 79%), which it believes will generate an increase of approximately \$7,100 in its annual water operating revenues. The Company believes this increase in its annual operating revenues is necessary due to additional meters being installed, additional billing expenses related to the additional meters and the need to maintain a minimum surplus to account for delinquent payments by existing customers. In addition to the proposed increase in its monthly customer charge, the Company is proposing to increase its water usage charge from \$1.53 per thousand gallons to \$4.10 per thousand gallons (approximately 168%). This increase is reflective of the Company becoming a wholesale customer of a local water district and no longer using a Company well for its source of supply. The Company believes this change in water supply will result in improved water quality and system operating pressure. Set out at the end of this notice is a table that includes a comparison of the Company's current customer rates and the Company's estimated proposed rates noted above, and the requested changes in its service charges and connection fees. A monthly bill comparison, which is based upon an assumed water usage of 6,000 gallons, is also shown.

In the near future, the Staff of the Public Service Commission (Commission Staff) will conduct an independent audit of the Company's books and records, and an investigation of the Company's business and system operations. Based upon that audit and investigation, the Commission Staff will develop its positions regarding the need for an increase in the Company's annual operating revenues, and the design of the monthly customer charge and water usage charge needed to recover the Company's cost of providing service. Additionally, the Commission Staff will develop positions regarding the need for changes in the Company's service charges, connection fees, general tariff provisions, business operations and system operations.

The Office of the Public Counsel (OPC), a state agency responsible for representing the interests of utility consumers before the Commission, may also conduct its own audit and investigation, but at a minimum will review the results of the Commission Staff's audit and investigation.

Any customer who has questions or comments regarding the Company's rate increase request, or who has comments regarding recent service-related problems, should contact the Commission Staff and/or the OPC, within 30 days of the date of this notice. To do so, please use the mailing addresses, telephone numbers, fax numbers or e-mail addresses shown below, and please also include a reference to request number QW-2005-0001. As a part of their investigations into the Company's rate increase request, the Commission Staff and the OPC will review all customer comments they receive in response to this notice.

Public Service Commission
Attn: Water/Sewer Dept.
P.O. Box 360
Jefferson City, MO 65102
Phone: 800-392-4211
Fax: 573-751-1847
E-Mail: pscisd@psc.mo.gov

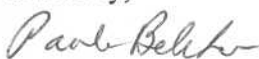
Office of the Public Counsel
Attn: M. Ruth O'Neill
P.O. Box 2230
Jefferson City, MO 65102
Phone: 573-751-4857
Fax: 573-751-5562
E-Mail: mopco@ded.mo.gov

Upon completion of the Commission Staff's and the OPC's investigations, the Company may be required to send out a second customer notice regarding the results of the investigations. Additionally, the OPC may request that the Commission hold a local public hearing. However, neither a second customer notice nor a local public hearing will happen automatically. Therefore, please take the time now to express your views about the Company's rate increase request, and its business and system operations, to the Commission Staff and the OPC.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the specific approval of the Public Service Commission.

If you have questions about this notice, or about anything else with which I may be of assistance, please feel free to contact me at the telephone number listed at the top of the first page of this notice.

Sincerely,



Paula Belcher
General Manager

Type of Charge	Current Rates	Company's Proposed Rates
Monthly Customer Charge	\$2.42	\$4.33
Water Usage Charge (per 1,000 gallons)	\$1.53	\$4.10
Total Monthly Bill (at 6,000 gallons usage)	\$11.60	\$28.93
Meter Deposit	N/A	\$50.00
New Account Fee	N/A	\$10.00
Restored Service Fee	\$25.00	\$30.00
After Hours Service	N/A	\$25.00
Reconnection Fee	\$25.00	\$50.00